



Town of Holden Beach
Budget Message
Fiscal Year 2022-2023
(1 July 2022 through 30 June 2023)

Holden Beach Board of Commissioners

31 May 2022

RE: Fiscal Year 2022/2023 Budget Message

The Town of Holden Beach Budget for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023 is herewith presented in accordance with the North Carolina Local Government Budget and Fiscal Control Act.

The budget message is organized as follows:

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Executive Summary: provides Fund organization/descriptions, schedule,
By Fund and By Function summaries

PART II

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PART IV

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PART I. Executive Summary

The proposed FY 22/23 budget provides the Town's spending plan for the upcoming budget year beginning 1 July 2022 and ending 30 June 2023. Contained herein as follows are the proposed Budget's Fund organization/descriptions, schedule and By Fund and By Function summaries. This preamble is meant to provide the public a means to understand the process, development and adoption of the Town's annual budget.

In fiscal year 22/23 Holden Beach will have five main governmental funds, three capital reserve funds, and a capital project fund. The five governmental funds are: 1- General, 2- American Rescue Fund, 3- Water & Sewer, 4- Beach, Parks, Access and Recreation Tourism (BPART) and 5- Canal Dredging. The three capital reserve funds are: 1 – Water, 2 – Sewer, and 3 - Beach & Inlet. The capital project fund is for the Federal Emergency Management Agency (FEMA) storm damage repairs. Each fund is represented in the following pages with detailed revenues and expenditures needed for the upcoming fiscal year. The budget year starts July 1, 2022 and ends June 30, 2023.

The General Fund budget serves to fund daily and long-term operations and infrastructure of the town. This includes administration, police department, building and inspections as well as sanitation and streets.

The American Rescue Plan Fund accounts for federal appropriations associated with the Holden Beach portion of President Biden's Coronavirus Relief package and are designated for storm water projects.

The Water and Sewer Fund is an Enterprise (business type) fund that finances the daily administration and operations of the water and sewer department.

The Beach, Parks, Access and Recreation Tourism Fund (BPART) is a special revenue fund enabled by local legislation for the purpose of providing for beach nourishment and tourism related expenses.

The Canal Dredging Fund is also a special revenue fund authorized by local legislation. Its purpose is to maintain navigability of the islands' twenty five thousand linear feet of canals

The Water Capital Reserve and the Sewer Capital Reserve Funds were established in accordance with the Water and Sewer System Development Fee Act of 2017 as amended and will be used to fund capital improvements to the Town's water/sewer infrastructure in the coming years.

The Beach Re-nourishment and Inlet Management Capital Reserve Fund provides funding for future year beach and inlet maintenance projects.

The FEMA Capital Projects Fund serves to provide pass through federal grant reimbursements for debt service on storm damage repairs performed during the winter of 2021/2022 along the central portion of the island's beach.

During the Spring of 2022 the Holden Beach Board of Commissioners developed and established a relative ranking of Goals and Objectives for the upcoming year. Where appropriate those goals have been woven into the tapestry of the proposed 2022/2023 budget. Commissioners, staff, appointed boards and committees have been engaged during the budget development process which followed the following schedule to facilitate the preparation of the recommended budget:

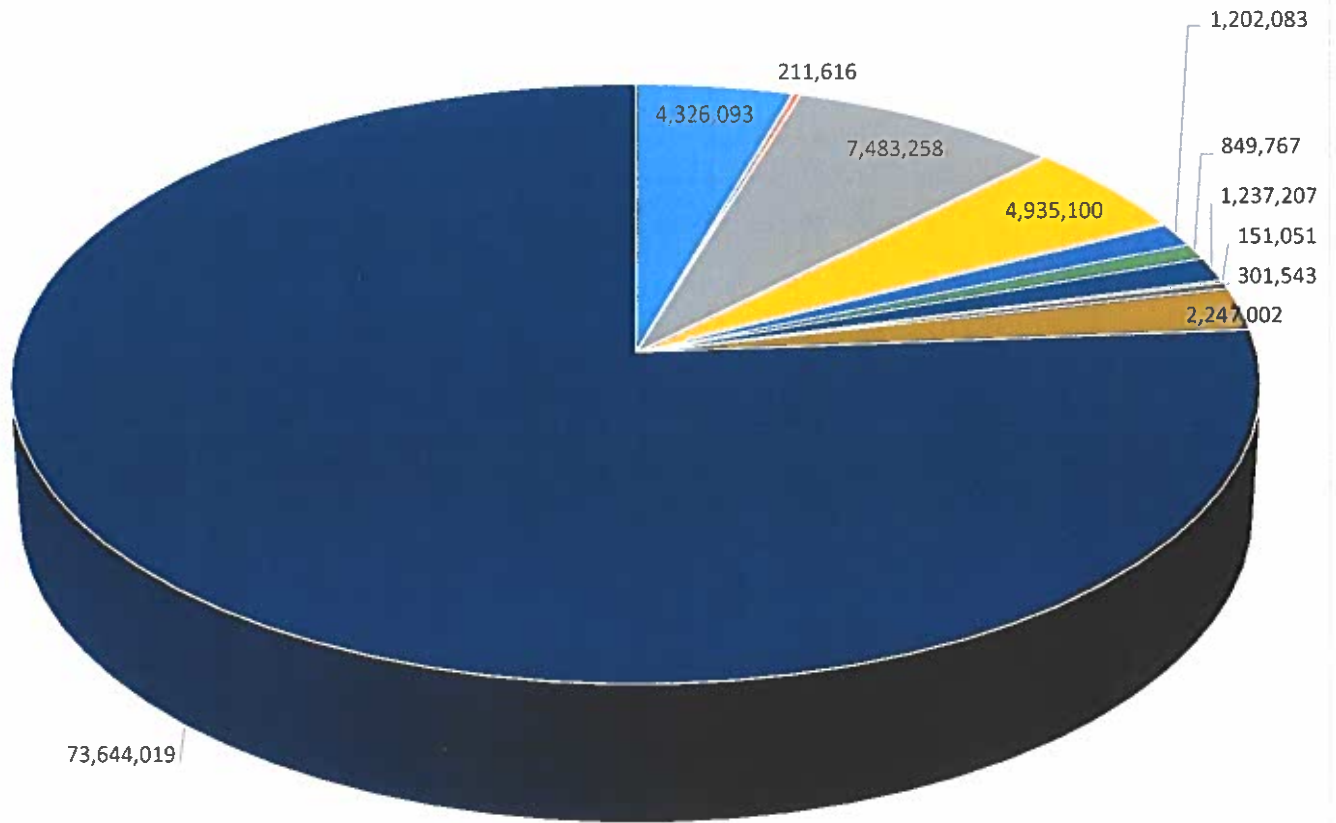
- March 31st (2:00 p.m.) Workshop – BOC Objectives
- April 1st Department Input to Manager
- April 22nd Canal Dredging Working Group
- April 21st (1:00 p.m.) Budget Workshop
- May 20th (9:00 a.m.) Budget Workshop
- May 31st Budget Message Published
- June 10th (9:00 a.m.) Public Hearing
- June 21st (5:00 p.m.) Regular Meeting – Ordinance Consideration
- June 30th Budget Adopted (no later than)

**Proposed Budget by Fund
Fiscal Year 2022-2023**

General	4,326,093
American Recovery Plan	211,616
Water & Sewer	7,483,258
BPART	4,935,100
Holden Beach Harbor Canal Dredging Special Revenue Fund	1,202,083

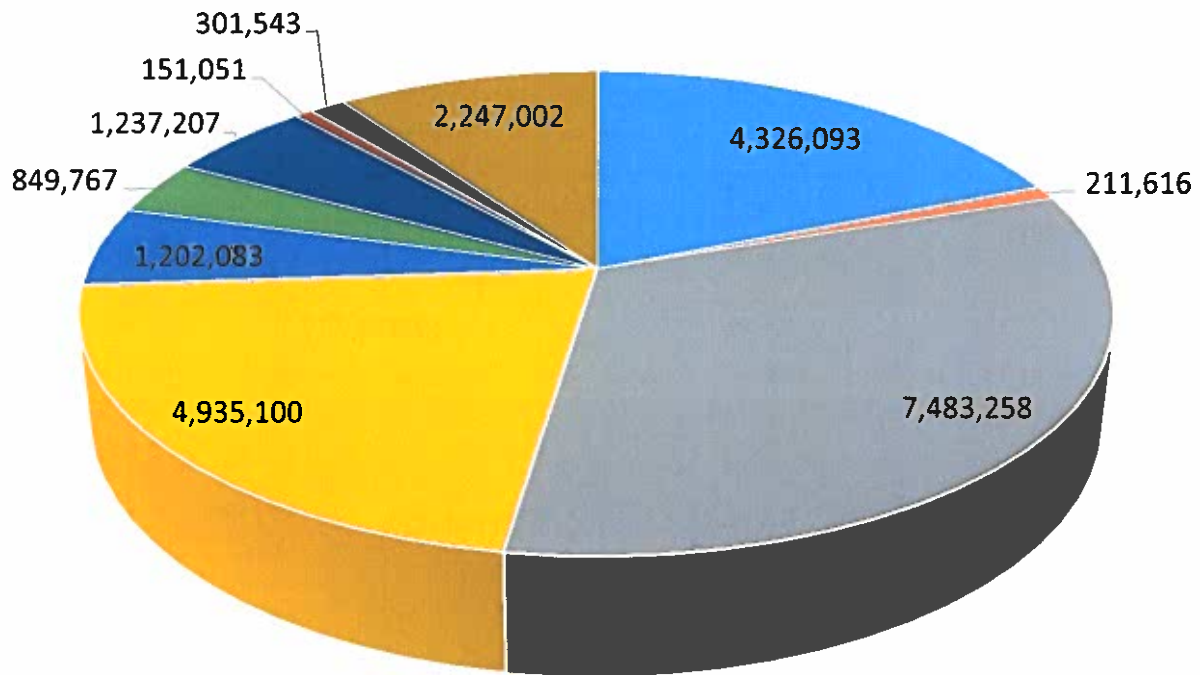
Heritage Harbor Canal Dredging Special Revenue Fund	849,767
Harbor Acres Canal Dredging Special Revenue Fund	1,237,207
Capital Reserve Fund Water	151,051
Capital Reserve Fund Sewer	301,543
Beach Re-nourishment & Inlet Mangement Fund	2,247,002
FEMA Capital Project Fund	73,644,019
Total	96,588,739

Budget by Fund



- General
- American Recovery Plan
- Water & Sewer
- BPART
- Holden Beach Harbor Canal Dredging Special Revenue Fund
- Heritage Harbor Canal Dredging Special Revenue Fund
- Harbor Acres Canal Dredging Special Revenue Fund
- Capital Reserve Fund Water
- Capital Reserve Fund Sewer
- Beach Re-nourishment & Inlet Mangement Fund
- FEMA Capital Project Fund

Budget by Fund less FEMA

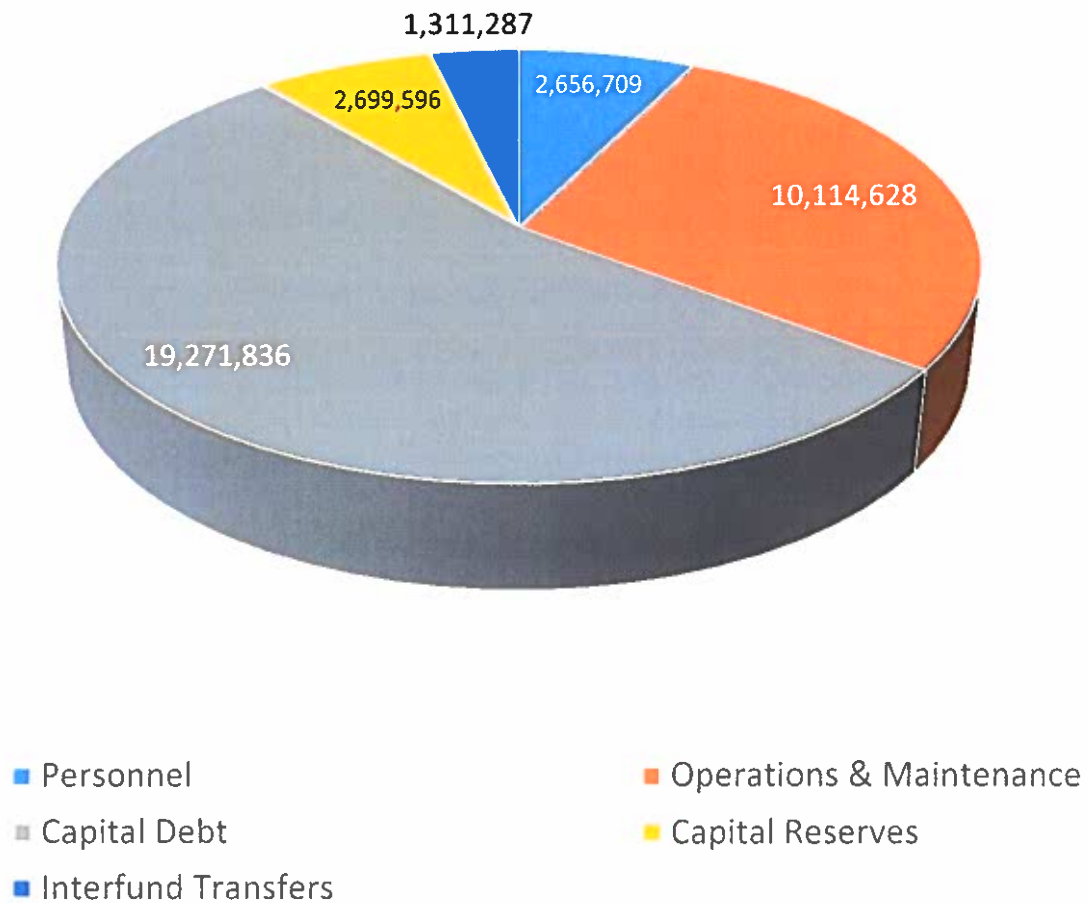


- General
- American Recovery Plan
- Water & Sewer
- BPART
- Holden Beach Harbor Canal Dredging Special Revenue Fund
- Heritage Harbor Canal Dredging Special Revenue Fund
- Harbor Acres Canal Dredging Special Revenue Fund
- Capital Reserve Fund Water
- Capital Reserve Fund Sewer
- Beach Re-nourishment & Inlet Mangement Fund

Proposed Expenses by Function Fiscal Year 2022-2023

Personnel	2,656,709
Operations & Maintenance	10,114,628
Capital Debt	19,271,836
Capital Reserves	2,699,596
Interfund Transfers	1,311,287
Total	39,924,777

Expenses by Function



Part II: Tax Rate and Debt Services

Tax Rate

In keeping with the Holden Beach Board of Commissioners stated goal of no tax increases the Fiscal Year 22/23 budget has been developed with the same tax rate as the prior fiscal year 21/22 of 20 cents. A tax rate of twenty cents per one hundred dollars of valuation is proposed to be levied at a ninety eight point sixty four percent collection rate on an estimated tax base of one billion three hundred ninety million eight hundred ninety thousand eight hundred and seventy three dollars. The collection rate of ninety eight point sixty four percent used to calculate the estimated tax revenue is the actual rate during the prior fiscal year ending 30 June 2021. The estimated tax base reflects the most recent available property valuations from the Brunswick County Tax Appraiser.

Debt Service

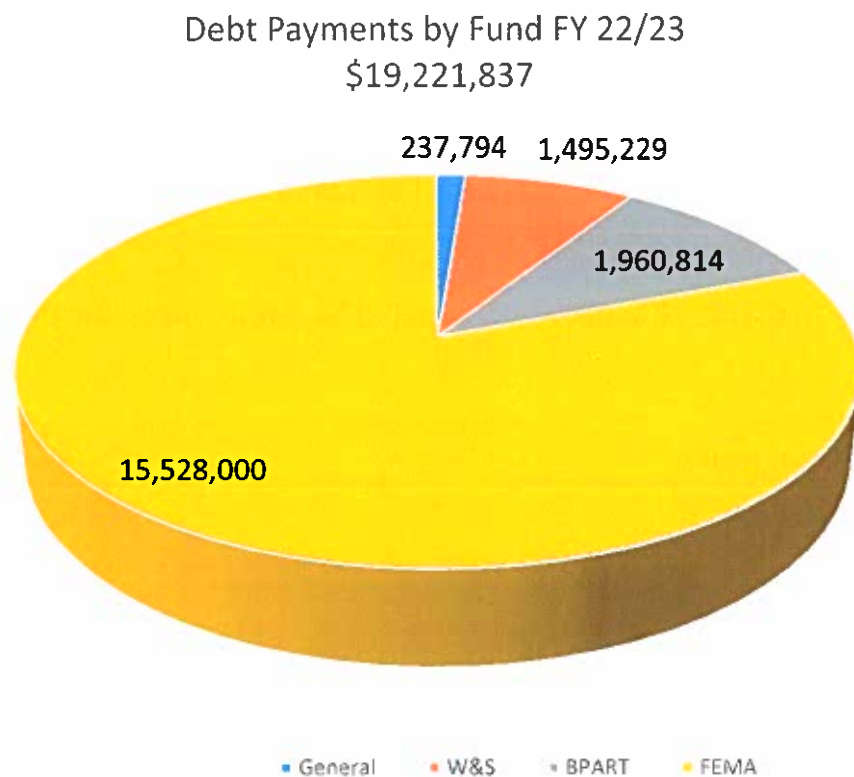
- The outstanding net debt cannot exceed the NC Statutory Limit of 8% of the total assessed value of taxable property with the Town's official limits.
- The legal debt margin for the Town estimated for June 30, 2022 is \$111,271,270.
- Estimated June 30, 2022 total outstanding debt obligation amount is \$37,349,543.
- The proposed FY 22/23 budget has debt payment obligations of \$19,221,837.

The following table illustrates FY 22/23 required debt service payments by fund and element.

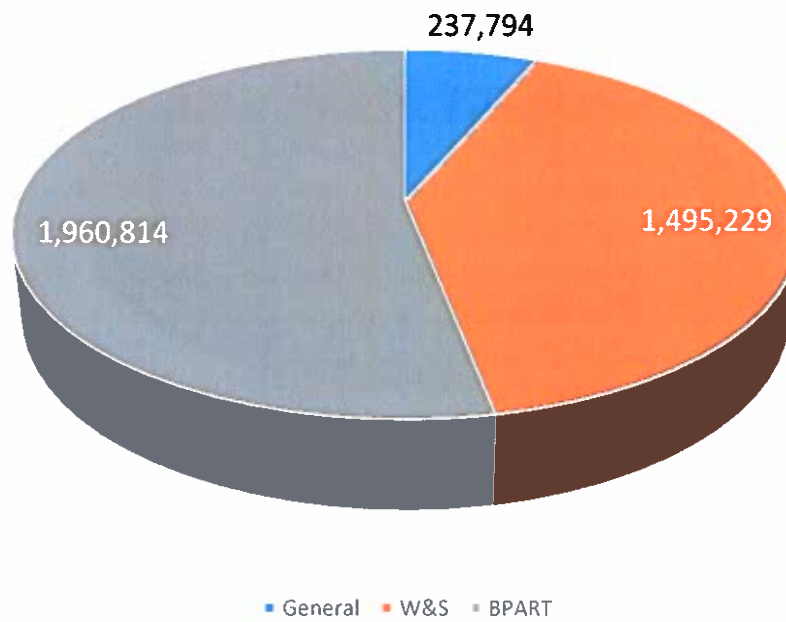
General	Town Hall	237,794
	Fund Total	237,794
Water/ Sewer	EOC	93,335
	Brunsko Sewer	1,115,364
	Truist Sewer LS	221,757
	Vac Truck	64,773

	Fund Total	1,495,229
BPART	Block Q	365,134
	Truist 441 OBW	277,960
	Central Reach PNC	1,317,720
	Fund Total	1,960,814
FEMA	PNC Central Reach2	15,528,000
	Fund Total	15,528,000
	Total 22/23 Debt Service	19,221,837

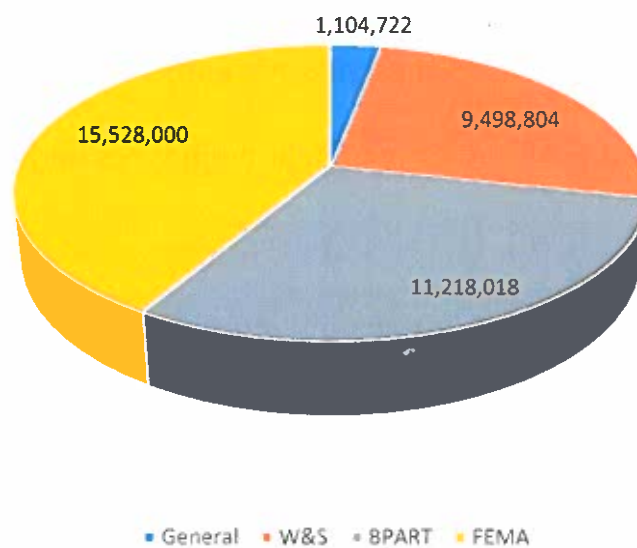
A composite life cycle debt service obligation schedule is at Attachment A.



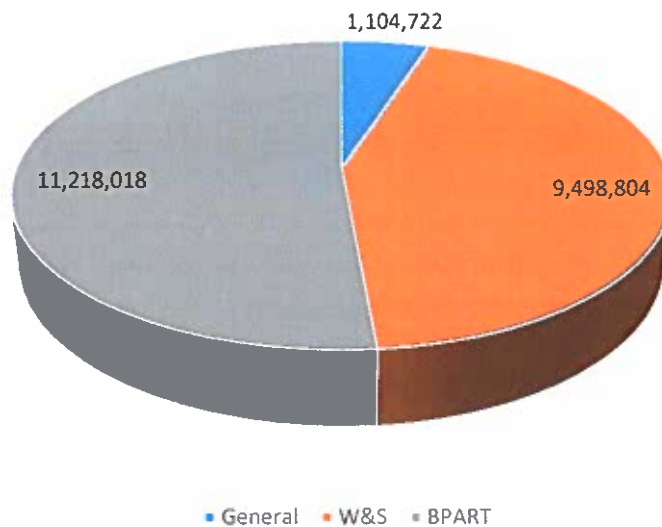
Debt Payments by Fund less FEMA FY 22/23
\$3,693,837



Total Debt Obligations by Fund
\$37,349,543



Total Debt Obligations by Fund Less FEMA
\$21,821,543



PART III. Employee Compensation and Agency Donations

Salary Adjustments and Compensation

The proposed FY 22/23 budget provides for employee cost-of-living adjustments, merit pay and bonus pay awards. The following list details board direction and implementation:

1. A one dollar an hour raise for all full time regular employees effective 1 July
2. Merit pool of 5% - performance based as recommended by Department Director; approved by Town Manager
3. \$750 bonus awarded to all full time regular employees on payroll 1 Sept 2022

Donations

Based on past precedent and receipt of donation requests the following agencies are proposed to be funded accordingly:

<u>Organization</u>	<u>\$</u>	<u>Source</u>
Brunswick County Literacy Council	750	General Fund
Brunswick Community College Foundation	1,000	General Fund
Brunswick Novant Medical Center Foundation	2,500	General Fund

Communities in Schools	1,000	General Fund
Hospice	2,500	General Fund
Brunswick Search and Rescue	2,500	General Fund
Holden Beach Beautification Club	1,000	BPART
Brunswick County Arts Council	2,500	BPART
Chamber of Commerce	3,000	BPART
Brunswick Family Assistance	2,500	General Fund
Holden Beach Women's Club	1,000	General Fund
Total	20,250	

PART IV. By Fund Revenues and Expenses

General Fund Balance

“Fund Balance Available” is the statutory concept that describes the amount of funds local governments have available at the end of a fiscal year to be appropriated in the next fiscal year. It is constructed as a way to prevent units of government from appropriating funds that they have not yet received in cash form. It is essential that the Town as an ad valorem tax-levying entity maintain an adequate amount of fund balance available to meet its cash flow needs during the months in its revenue cycle when outflows exceed inflows.

Property tax revenues are a major source of revenue in the General Fund, and are typically not received until the latter months of the calendar year. Therefore, the Town must maintain reserves on hand in the form of fund balance available for appropriation at June 30th to prevent it from experiencing cash flow difficulties during the first two quarters of the next fiscal year. The estimated Fund Balance available at 30 June 2022 is \$2,856,656 which represents an available fund balance ration of 66%.

General Fund Revenues

General Fund Revenues are comprised of a number of revenues that are categorized as follows: 1) Property Taxes, 2) State Collected Revenues, 3) Town Collected Revenues and 4) Fund Balances & Interfund transfers.

1. Property Taxes – Proposed FY 22/23 levy at 20 cents per thousand dollars of valuation; rate remains same as prior year.

2. State Collected Revenues – The following list identifies state distributed revenues and NC Department of Revenue projections for FY 22/23 compared to prior fiscal year distributions:

Sales and Use Taxes: plus 3.75%

Powell Bill: minimal change

Electricity Sales Tax: plus 1%

Local Video Programming Revenues: minus 1.75%

Beer and Wine Taxes: plus 1.75%

3. Town Collected Revenues – Selected Town collected revenues of note are briefly discussed as follows:

Building and Inspections Fees: minus 5%; slight cooling of island construction

Recycling. No change. Forecast to remain at approximately 600 subscribers.

Paid Parking – New program full year estimate to yield combined on street and off street parking general fund revenues \$215,044.

4. Fund Balance and Interfund transfers - A General Fund balance appropriation of \$151,659 is made to partially fund the Board directed interfund transfer of two cents of ad valorem taxes equaling \$274,395 to the BPART fund for the purpose of contributing to the payment of the 2017 Central Reach Project Special Obligation Bond. Additionally, a transfer from the Canal Dredging Fund to the General Fund is made in recognition of program support costs incurred by the General Fund.

The following table represents estimates of the projected revenues based on the proposed tax rate, proposed fees and the most recent actual revenues received to date.

CREDIT CARD SITE FEE GENERAL	2,200
AD VAL TAXES - CURRENT	2,743,950
AD VAL TAXES - PRIOR	36,000

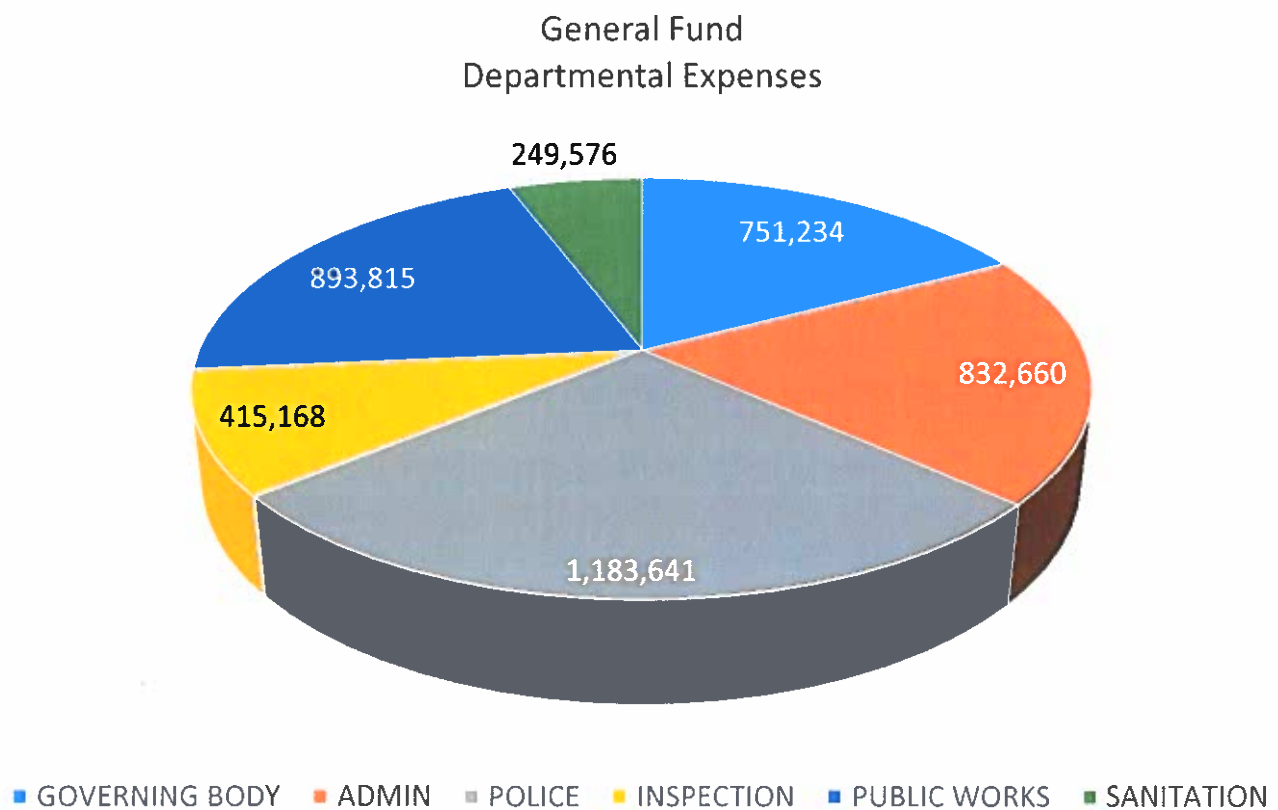
VEHICLE TAXES	28,000
PNLTY & INT - AD VAL TAX	15,000
VEHICLE STICKERS	5,000
INTRST ON SAV & INVEST	20,000
TAX PMTS TO BE REFUNDED	100
MISCELLANEOUS	20,750
SIDEWALK DEPOSIT	500
HOUSE MOVING SECURITY DEP	2,000
BRIDGE FEE	200
PLUMBING SCREEN SALES	300
BLUE CAN HOME RECYCLING	63,225
DONATIONS	500
CHRISTMAS DECORATIONS	500
UTILITIES FRANCHISE TAX	218,476
SALES ON TELECOMM-UTIL FR	4,000
SALES TAX ON VIDEO PROGRM	37,000
BEER &/OR WINE TAX	2,600
POWELL BILL	43,500
LOCAL SALES & USE TAX	262,587
CAMA CONTRACT	2,800
COURT COSTS	200
PARKING VIOLATIONS	10,000

ORDINANCE VIOLATIONS	1,200
Mosquito Contract	1,025
BUILDING PERMITS	235,000
CAMA PERMITS	5,720
ZONING FEES	11,338
ELECTRICAL INSPECTION	34,252
MECHANICAL INSPECTION	32,529
PLUMBING INSPECTIONS	18,907
ADMINISTRATIVE FEE-INSP	805
HOMEOWNERS RECOVERY FUND	1,500
REINSPECTION FEE	1,000
SALES TAX REFUND	7,500
DEMOLISH PERMIT	2,000
SALE OF FIXED ASSETS	5,000
OFF STREET PARKING	23,026
ON STREET PARKING	192,018
Transfers from SRF Canal Dredging	82,226
FUND BALANCE APPROPRIATED	151,659
Total for Revenue	4,326,094

General Fund Expenditures

The following table summarizes general fund departmental expenses.

GOVERNING BODY	751,234
ADMIN	832,660
POLICE	1,183,641
INSPECTION	415,168
PUBLIC WORKS	893,815
SANITATION	249,576
TOTAL	4,326,094



A brief description of changes to departmental expenses precedes each of the following departmental expense tables.

Governing Body – New operational expenses include an increase in New Town Hall Maintenance and Repair for HVAC, security system and lighting repairs. A transfer contribution equaling two cents of ad valorem taxes is made to the BPART Fund to partially fund the Town's 2017 Central Reach Special Obligation Bond Debt service.

SALARIES - MAYOR AND COMMISSIONERS	7800
PROFESSIONAL SERVICES	91035
GOVERNING BODY - FICA	599
COMMUNICATIONS	7644
PUBLIC RELATIONS	1500
COMMUNITY EVENTS	1500
TRAVEL	2000
AB-TRAVEL & TRAINING	1250
HURRICANE PREPARATION	2100
DECORATIONS	500
ADVERTISING	1500
AB-ADVERTISING MEETINGS	500
HOLDEN BEACH FLAG	500
AB-SUPPLIES & MATERIALS	4100
OPERATIONAL CONTINGENCIES	9367
NEW TOWN HALL DEBT SERVICE	237794

New Town Hall Ops, Maint and Repair	95900
CONTRIBUTIONS	11250
TRANSFER TO BPART FUND	274395
Total	751234

Administration Department – With the exception of a \$75,000 appropriation to improve cybersecurity/replace aging software in the upcoming fiscal year and a projected increase in property/liability insurance increase of \$15000, administrative expenses are proposed to be maintained at existing levels.

SALARIES	384,989
SALARIES - OVERTIME	4,438
FICA	29,791
GROUP INSURANCE	76,841
RETIREMENT	39,527
401K EMPLOYERS MATCH	17,374
COMMUNICATIONS	51,045
PRINTING	6,000
SOFTWARE	75,000
TRAVEL & TRAINING	8,000
M & R - EQUIPMENT	3,500

ADVERTISING	1,000
DEPT SUPPLIES & MATERIALS	6,000
UNIFORMS	1,000
REWARDS AND WELLNESS PRGR	2,000
SAFETY PROGRAMS ALL DEPTS	1,500
CONTRACTED SERVICES	21,655
DUES & SUBSCRIPTIONS	4,000
INSURANCE & BONDS	79,000
EQUIPMENT	20,000
Total	832,660

Police Department – No new operational expenses, but appropriations are made to purchase a new replacement police vehicle. Overall budget decreases by approximately \$40,000 from previous year.

SALARIES	566,038
SALARIES - OVERTIME	73,389
FICA	49,936
GROUP INSURANCE	150,866
RETIREMENT	82,650

PD EMPLOYER'S 401K	31,971
COMMUNICATIONS	55,000
TRAVEL & TRAINING	8,000
COMMUNITY WATCH	500
M & R - EQUIPMENT	4,000
M & R - VEHICLES	7,150
GAS, OIL & TIRES	42,000
DEPT SUPPLIES & MATERIALS	5,000
UNIFORMS	10,000
POLICE INOCULATIONS	2,500
EQUIPMENT	15,000
CAP OUTLAY-VEHICLES&EQUIP	77,640
PD CARS-ACCIDENT REPAIRS	2,000
Total	1,183,641

Planning and Inspections – Overall decrease in budget from prior year of approximately \$8,000. Proposed budget supports existing service level requirements.

SALARIES	227,930
SALARIES OVERTIME	2,357

FICA	17,617
GROUP INSURANCE	54,860
RETIREMENT	23,374
401K EMPLOYERS MATCH	10,905
COMMUNICATIONS	10,000
PRINTING	1,712
TRAVEL & TRAINING	10,000
M & R - VEHICLES	5,457
ADVERTISING	2,140
GAS, OIL & TIRES	10,000
DEPT SUPPLIES & MATERIALS	4,815
BUILDING INSP - UNIFORMS	1,500
CONTRACTED SERVICES	20,000
DUES & SUBSCRIPTIONS	1,600
HOMEOWNERS' RECOVERY FUND	900
EQUIPMENT PURCHASE	10,000
Total	415,168

Streets, Building & Grounds (SBG) Department –In accordance with the most recent Streets Condition Survey and the Capital Improvement Plan, proposed funding is included to resurface Point West, Tide Ridge and Ranger Streets. An appropriation of \$232,300 is made to fund a town wide storm water study and provide complimentary matching funds

for American Recovery Plan funds which collectively are proposed to provide improvements for flood prone areas near the 300 block of Ocean Boulevard West. SBG will be used to account for approximately 3/4ths of the newly established paid parking program expenses as they are currently authorized.

SALARIES	63,496
SALARIES OVERTIME	3,084
FICA	5,093
GROUP INSURANCE	13,715
RETIREMENT	6,758
401K EMPLOYERS MATCH	1,083
PROFESSIONAL SERVICES	20,000
UTILITY - STREET LIGHTS	54,000
BUILDINGS UTILITY PAYMENT	1,250
TRAVEL	500
BLDINGS&GROUNDS MAINT/SUP	33,340
M & R EQUIPMENT	10,000
M & R VEHICLES	5,000
MAINT & REP STREETS	18,000
MAINT & REPAIR BULKHEADS	30,000
STREET DRAINAGE PROJECTS	232,300
STREET SIGN REPLACEMENT	3,000
ADVERTISING	150

GAS, OIL & TIRES	15,000
DEPT SUPPLIES & MATERIALS	5,500
UNIFORMS	1,500
STREET PAVING PROJECTS	150,000
ON STREET PARKING	192,018
OFF STREET PARKING	23,026
SIDEWALK MAINTENANCE	6,000
Total	893,815

Sanitation – No new operating expenses. One replacement service truck proposed. Overall departmental decrease of just under \$50,000 from prior year.

SALARIES FULL TIME	46,559
SALARIES OVERTIME	5,564
FICA	3,987
GROUP INSURANCE	13,715
RETIREMENT	5,291
401K EMPLOYERS MATCH	2,583
TRAVEL & TRAINING	400
MAINT & REPAIRS EQUIPMENT	300
DEPT SUPPLIES & MATERIALS	18,200

SANITATION UNIFORMS	1,500
CONTRACTED SERVICES	49,000
BLUE CAN HOME RECYCLING	58,976
SOLID WASTE TIPPING FEES	500
EQUIPMENT PURCHASE	43,000
Total	249,576

American Rescue Plan

The passage of the American Rescue Plan in March of 2021 provided \$1.3 billion directly to NC cities and towns for the purpose of funding COVID 19 relief and economic recovery. The Holden Beach allocation is \$211,616 and is proposed to be used to partially fund stormwater improvements in/near the 300 block of Ocean Boulevard West. Funds must be obligated by December 31, 2024, with the period of performance expiring on 31 December 2026.

Revenues

ARP FY 20/21 DISTRIBUTION	105,808
ARP FY 21/22 DISTRIBUTION	105,808
Total for Revenue	211,616

Expenses

ARP PROJECT EXPENSE	211,616
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Total for Expense

211,616

Water/Sewer Fund

The Water and Sewer Fund is defined as a stand alone Enterprise fund supported by user fees.

Water and Sewer Enterprise Fund Revenues.

This year's water revenue projection reflects a full year of the recently implemented 30% increase in the Brunswick County wholesale rate increase in addition to some modest growth in consumption. Sewer revenues are based on a static Brunswick County treatment rate with modest growth too. The Sewer Capital charge will increase to four hundred sixty six dollars and seven cents due to the increased debt service associated with upfitting of the sewer Lift Station located at 794 Ocean Boulevard West last year. It is recommended to fund the rehabilitation of the Greensboro Street sewer lift station via installment financing or federal assistance whichever becomes available first. The budget proposed reflects commercial funding in the amount of just under \$3.2 million.

The following table represents estimates of the projected revenues based on the existing water and sewer retail rates, fees and the most recent actual revenues received to date.

CREDIT CARD SITE FEE WATER	1,500
LOAN PROCEEDS	3,166,843
INTEREST ON INVESTMENTS	7,212
SHARE FUND INTEREST	3,000
RENTS & CONCESSIONS	118,000
ADMINISTRATIVE FEES WATER	10,000
CAPITAL CHARGES CTY-SEWER	1,417,575
INTEREST ON CAPITAL CHRGS	12,000

SEWER CAPACITY CHARGE	125,000
SALES TAX REFUND WATER	35,000
WATER CAPACITY CHARGE	40,000
WATER USE CHARGES	1,432,211
SPECIAL CHARGES FOR UTIL	3,000
Irrigation Meter Inspection Fees	21,917
SEWER USE CHARGES	993,000
AVAILABILITY FEE SEWER	500
TAP & CONNECTION FEES	85,000
TAP & CONNECT FEES-SEWER	500
RECONNECTION FEES	500
PNLTY & INTRST - BILLINGS	10,500
Total for Revenue	7,483,258

Water and Sewer Enterprise Fund Expenditures

The following table summarizes the Water and Sewer Enterprise Fund departmental expenses.

Administration	164,977
Operations	7,318,281
Total Water and Sewer Expenses	7,483,258

Major Water and Sewer expenses programmed for the upcoming fiscal year are required debt service obligations totaling \$1.4 million and the \$3.34 million upfit of the Greensboro Street Lift Station which was delayed this past year due to an unacceptable bid climate. Funding for procurement and installation of construction related valve pits and water meters in addition to fire hydrant replacement is included in the operations and maintenance budget along with purchase of a replacement 150 kw generator and service vehicle.

Administration Expenses

SALARIES	41,220
SALARIES-OVERTIME	643
FICA	3,203
GROUP INSURANCE	13,715
RETIREMENT	4,249
401K EMPLOYERS MATCH	500
COMMUNICATIONS	61,331
PRINTING	3,500
TRAVEL & TRAINING	8,000
M & R - EQUIPMENT	5,000
DEPT SUPPLIES & MATERIALS	3,800
CONTRACTED SERVICES	13,500
DUES & SUBSCRIPTIONS	6,316
TOTAL	164,977

Operations Expenses

SALARIES	211,388
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SALARIES-OVERTIME	10,188
PROFESSIONAL SERVICES	42,500
Professional Services Irrigation Inspect	17,500
FICA	16,951
GROUP INSURANCE	58,289
RETIREMENT	22,490
401K EMPLOYERS MATCH	4,718
COMMUNICATIONS	4,045
UTILITIES	2,500
UTILITIES-PUMPING STATION	75,000
TRAVEL	2,500
M & R WATER TANK	22,400
M & R EQUIPMENT	7,000
OPERATION & MAINT VAC SYS	35,000
M & R VEHICLES	7,000
M & R WATER SYSTEM	105,000
CTY CAPITAL COSTS SEWER	1,115,364
GAS, OIL & TIRES	16,000

DEPT SUPPLIES & MATERIALS	5,500
O&M VACUUM STATIONS	136,000
METERS (NEW CONSTRUCTION)	65,000
UNIFORMS	4,800
CONTRACTED SERVICES	55,000
PURCHASES FOR RESALE	850,500
COUNTY O&M CHARGE SEWER	255,911
EQUIPMENT PURCHASE -WATER	95,000
CAPITAL OUTLAY-VALVE PITS	80,000
CAP OUTLAY MAJ EQUIP SEWR	3,337,374
WATER CAP OUTLAY-VEHICLES	64,773
CONTRIBUTION TO CRF WATER	40,000
DEBT SERVICE SEWER	271,756
CONTRIBUTION TO CRF SEWER	125,000
EOC Ops, Maint and Repair	62,500
NEW EOC DEBT SERVICE	93,335
Ops TOTAL	7,318,281
<hr/> Total expenditures <hr/>	<hr/> 7,483,258 <hr/>

FEMA Capital Project Fund

The Fema Capital Projects Fund houses the federal funding assistance and special obligation bond financing for storm damage repair to the Town's Central Reach Project resulting from damages caused by Hurricanes Florence, Michael, Dorian and Isaias. A special obligation bond in the amount of \$27.7 million is established as a sinking fund with PNC and is reflected as loan proceeds/debt service in the revenue/expense budget. The bond is a variable rate short term note of three years renewable annually with the outstanding balance at the end of year one forecast to be \$15.5 million. It is secured by FEMA approvals and is repaid via federal reimbursements of project expenses.

REVENUE

FEMA FLORENCE PW 674(0) CAT G	15,861,220
FEMA FLORENCE PW 2547(0) CAT Z	798,855
FEMA MICHAEL PW 11(0) CAT G	8,547,506
FEMA MICHAEL PW 158(0) CAT Z	427,376
FEMA DORIAN PW 00221(0) CAT G	15,496,802
FEMA DORIAN PW 494 CAT Z	775,835
FEMA ISAIAS PW 50 CAT G	3,838,038
FEMA ISAIAS CAT Z	198,387
Loan Proceeds	27,700,000
TOTAL REVENUE	73,644,019

EXPENDITURE

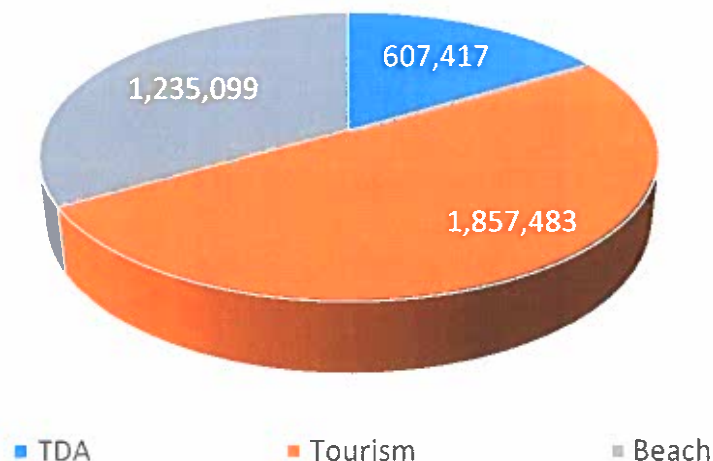
Debt service	27,700,000
FEMA FLORENCE PW 374(0) CAT G	15,861,220
FEMA FLORENCE PW 2547(0) CAT Z	798,855
FEMA MICHAEL PW 11(0) CAT G	8,547,506

FEMA MICHAEL PW 158(0) CAT Z	427,376
FEMA DORIAN PW 00221(0) CAT G	15,496,802
FEMA DORIAN PW 494 CAT Z	775,835
FEMA ISAIAS PW 50 CAT G	3,838,038
FEMA ISAIAS CAT Z	198,387
TOTAL EXPENDITURE	73,644,019

Beach, Parks, Access and Recreation Tourism Fund (BPART)

The Beach, Parks, Access and Recreation Tourism Fund is a Special Revenue Fund authorized by act of the General Assembly which allows the Town to collect six cents of an Accommodations Tax for the purposes of funding beach preservation and tourism related expenses. Of the collections one cent net of allowances for collection is remitted to Brunswick County for the Tourism Development Authority, two cents are for beach and inlet maintenance and three cents for various tourism related expenses. Based on a dramatic upswing in occupancy taxes collected since the beginning of the COVID pandemic this revenue is projected to reach its highest level ever since its legislative enabling at three million seven hundred thousand dollars. A management analysis of the use of the projected FY 2022/23 Accommodations Tax revenue shows the Town's compliance with the enabling legislation as shown in the following chart.

Accommodations Tax Revenue Uses by Function



Interfund transfers from the General Fund and the Beach and Inlet Capital Reserve Fund totaling one million one hundred forty six thousand two hundred and eighty seven dollars provide subsidy funding for eighty seven percent of the Town's 2017 Central Reach Project Special Obligation Bond debt service. Other recreation programs and administrative services provide approximately ninety thousand dollars of revenue.

Revenues

CREDIT CARD SITE FEE BPART	60
ACCOM TAX	3,700,000
BRUNSWICK CO REFUND CRP	26,596
ACCOMMODATIONS TAX PENLTY	100
INTEREST ON INVESTMENTS	5,000
BPART CAP RES INTEREST	10
MISCELLANEOUS BPART	12,000
RECREATION PROGRAMS	8,000
SALES TAX REFUND	2,000
441 OBW	2,153
OFF STREET PARKING	32,894
TRANSFER FROM BEACH INLET CRF	871,892
Transfer from General Fund	274,395
Total for Revenue	4,935,100

EXPENSES

Personnel expenses equal to one and three quarters full time positions are included in the upcoming year BPART budget specifically in recognition of direct beach and inlet management and tourism related expenses. An expense of one million three hundred seventeen thousand seven hundred and twenty dollars is this year's Central Reach debt service which for the most part is funded with pass through contributions from the General Fund equaling two cents of ad valorem taxes in the amount of two hundred seventy four

thousand three hundred ninety five dollars and a transfer from the Beach and Inlet Capital Reserve Fund in the amount of eight hundred seventy one thousand eight hundred and ninety two dollars. Appropriations totaling six hundred forty three thousand ninety four dollars are made in order to satisfy debt service for payment of debt services on the 441 Ocean Boulevard pier and Block Q properties. An eight hundred thousand dollar appropriation is recommended to continue with year two of the three year federal coastal storm damage reduction study performed in partnership with the Town by the US Army Corps of Engineers. Funding for federal funding consulting services in addition to sand searches and permitting for possible future Town sponsored beach nourishment projects, beach monitoring, post storm damage engineering assessments, and prescriptive follow maintenance activities required of the 2022 FEMA storm damage repair project collectively are collectively estimated and proposed at two hundred eighty eight thousand two hundred fifty dollars. Expenses of one hundred and twenty thousand dollars are proposed in the access and recreation line to further the Town's ongoing efforts to improve access to the strand and water via walkway repairs to include the replacement/acquisition of addition beach mats, deployment of a kayak launch at Sailfish Park, improvements to parking lots in addition to conservation efforts that include refilling pet waste stations. Specific attention will be given to improving accesses and parking areas for the mobility challenged where feasible. Appropriations totaling four hundred and ninety thousand dollars are proposed for initial repair activities of the newly acquired pier properties and rehabilitation/construction of the Jordan Boulevard public restrooms and the town owned property at 796 Ocean Boulevard West.

EXPENSES

TRANSFER COUNTY ACCOM TAX	607,417
DEBT SERVICE CENTRAL REACH	1,317,720
SALARIES - RECREATION	67,340
OVERTIME - RECREATION	1,596
FICA - RECREATION	5,274
Group Insurance	13,715
RETIREMENT REC	6,997
401K EMPLOYERS CONTRIBUTION	1,704

INTERNSHIP	6,240
PROFESSIONAL SERVICES	158,250
PROFESSIONAL SRV-MAINLAND	3,000
PROFESSIONAL SERVICES- BEACH	100,000
Recreation Programs	13,000
Beautification Club	14,900
Jordan Blvd Ops, Mx and Repair	45,000
Park and Rec Utilities	3,000
STARFISH FIRE SUBSTATION UPGRADE	2,000
Dog Park	500
COMMUNICATIONS	8,045
Gas Oil and Tires	5,000
Starfish Fire Substation Ops, Mx, Rpr	8,000
TRAVEL & TRAINING	22,750
PUBLIC REST ROOMS	300,000
BEACH EQUIPMENT MAINTENAN	1,000
SHORELINE MONITORING	30,000
DEBRIS REMOVAL	5,000
FESTIVAL & SECURITY	3,000
CONCERTS	37,500
HOLDEN BEACH PROMOTION	37,500

CHAMBER OF COMMERCE	3,000
Contributions BPART (Donations)	3,000
ACCESS & RECREATION	120,000
WASTE IND 2ND PICK-UP	127,000
POCKET PARK 628OBW	1,000
HALSTEAD PARK	1,000
Rothschild Davis Park	40,000
USACE CSDR STUDY	800,000
Debt Service Block Q	365,134
DEBT SERVICE 441 OBW	277,960
441 OBW	150,000
796 OBW	40,000
SALARIES BEACH PROJECT	33,421
OVERTIME - BEACH PROJECT	1,901
FICA BEACH PROJECT	2,702
RETIREMENT BEACH PROJECT	3,585
401K EMPLOYERS BEACH PRJT	1,710
Group Insurance Beach Project	10,286
CONTRACT SERVICES SANITATION	85,000
BEACH RANGER SALARIES	28,500
BEACH RANGER SUPPLIES & EQUIP & MAINT	11,453

BEACH RANGER GAS, OIL, TIRES	1,500
FICA	1,500
Total Expenses	4,935,100

Canal Dredging Special Revenue Funds

The Town manages three autonomous and distinct canal dredging districts in accordance with the North Carolina General Assembly's enabling legislation. A working group with representatives from each of the canal dredging districts and facilitated by the Town serves to scope planning and programming of canal district dredging requirements.

Administration of these districts is accomplished via separate special revenue funds in accordance with the General Accounting Standards Board guidance as supplemented by North Carolina Local Government Commission memorandum 2010-23 (revised). Based on recent surveys of channel conditions the canal system will not require any maintenance dredging for several years - barring any event that would radically alter the anticipated accretion rate of material in the navigation channel. Implications of recent policy interpretations on the placement of locally sponsored dredge projects spoils by the US ARMY Corps of Engineers will likely significantly affect how dredged materials are managed in the future. Proposed Canal Dredging Special Revenue Funds are:

Harbor Acres Canal Dredging Special Revenue Fund

An assessment of \$260 per lot is proposed to fund the FY 22/23 accrual for Harbor Acres.

REVENUES

BALANCE FORWARD	1,161,807
SRF HA ASSESSMENTS	75,400
Total	1,237,207

EXPENSES

SRF Administration - HA	12,372
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SRF Legal Fees - HA	12,372
SRF Construction - HA	927,906
SRF Surveying - HA	61,860
SRF Permitting CAMA - HA	30,930
SRF Permitting ACE & Other Agencies - HA	30,930
SRF Designs - HA	37,116
SRF Contract Docs, Plans, Specs - HA	61,860
SRF Construct Management, Insp, Close - HA	30,930
SRF Transfer to General Fund- HA	30,930
Total	1,237,207

Holden Beach Harbor Canal Dredging Special Revenue Fund

An assessment of \$400 per lot is proposed to fund the FY 22/23 accrual for Holden Beach Harbor.

REVENUES

BALANCE FORWARD	1,062,803
SRF HBH ASSESSMENTS	139,280
Total	1,202,083

EXPENSE

SRF Administration - HBH	12,021
SRF Legal Fees - HBH	12,021
SRF Construction - HBH	901,562
SRF Surveying - HBH	60,104
SRF Permitting CAMA - HBH	30,052
SRF Permitting ACE & Other Agencies	30,052
SRF Designs - HBH	36,062
SRF Construct Docs, Plans, Specs - HBH	60,104
SRF Construct Management, Insp, Close - HBH	30,052
SRF Transfer to General Fund- HBH	30,052
Total	1,202,083

Heritage Harbor Canal Dredging Special Revenue Fund

An assessment of \$400 per lot is proposed to fund the FY 22/23 accrual for Heritage Harbor.

REVENUES

BALANCE FORWARD	713,249
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SRF HH ASSESSMENTS	136,518
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Total	849,767
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EXPENSE

SRF Administration - HH	8,498
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SRF Legal Fees - HH	8,498
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SRF Construction - HH	637,325
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SRF Surveying - HH	42,488
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SRF Permitting ACE & Other Agencies HH	21,244
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SRF Permitting CAMA - HH	21,244
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SRF Designs - HH	25,493
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SRF Contract Docs, Plans, Specs - HH	42,488
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SRF Construct Management, Insp, Closet - HH	21,244
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SRF Transfer to General Fund- HH	21,244
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Total	849,767
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WATER CAPITAL RESERVE FUND**REVENUES**

CAPITAL RESERVE FUND WATER	40000
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CRF WATER INTEREST	111051
<u>TOTAL FOR FUND</u>	<u>151051</u>

EXPENSES

CAP RES MISCELLANEOUS EXP	151051
<u>TOTAL FOR FUND</u>	<u>151051</u>

SEWER CAPITAL RESERVE FUND

REVENUES

CAPITAL RESERVE FUND SEWER	125000
CRF SEWER INTEREST	176543
<u>TOTAL FOR FUND</u>	<u>301543</u>

EXPENSES

CAP RES MISCELLANEOUS EXP	301543
<u>TOTAL FOR FUND</u>	<u>301543</u>

BEACH AND INLET CAPITAL RESERVE FUND

REVENUES

BEACH RE-NOURISHMENT AND INLET	2247002
TOTAL FOR FUND	2247002

EXPENSES

CAP RES MISCELLANEOUS EXP	1375110
Transfer to B-Part	871892
TOTAL FOR FUND	2247002

PART V.

Capital Improvement Plan (CIP)

This year's budget message contains a proposed Capital Improvement Plan at attachment B. The proposed plan is an attempt to summarily memorialize and program longer term large scale projects, activities and equipment procurement that require a multiyear perspective. It spans a ten year planning horizon with the first year's revenues and expenses included in the proposed budget beginning 1 July 2022. The total CIP represents a cumulative 10 year community investment of almost eighteen million dollars and quantifies both estimated funding sources and expense elements by fund. Based on staff, governing body and community input this year's proposed CIP attempts to specifically outline chronological strategies for streets maintenance, vehicle acquisitions, water/sewer system improvements/expansions and equipment acquisition, shoreline stabilization, canal dredging in addition to recreation and public facilities upgrades.

PART VI. Conclusion

As required by the Local Government Fiscal Control Act the proposed budget and capital improvement plan presented herein is balanced with revenues equaling expenses and has been prepared with particular attention to the collective guidance provided by the Board of Commissioners. Please feel free to contact me as needed to discuss any questions you may have. As a reminder the budget ordinance must be adopted not later than 1 July.

Sincerely,



David W. Hewett
Town Manager

Attachment A- Consolidated Debt Service Schedule
Attachment B- Capital Improvement Plan

Consolidated Debt Service Schedule

Fund	Debt/Amt	Year	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Fund Total
		22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38	
General	Town Hall Fund Total	237,794 237,794	230173 230,173	222553 222,553	214933 214,933	199267 199,267												1,104,722
Water/ Sewer	EOC Brunasco Sewer Truist Sewer LS Vac Truck Fund Total	93,335 1,115,364 221,757 64,773 1,495,229	93335 1,112,477 218,275 64,773 1,488,860	93335 1,109,246 214,794 64,773 1,482,147	1,105,340 211,313 207,832 64,773 1,381,426	519,506 519,506 207,832 207,832 727,338	520,152 520,152 204,351 204,351 724,503	517,584 517,584 200,870 200,870 718,454	197,387 197,387 197,387 197,387 197,387	193,907 193,907 193,907 193,907 193,907	190,235 190,235 190,235 190,235 190,235	186,945 186,945 186,945 186,945 186,945	183,464 183,464 183,464 183,464 183,464	179,983 179,983 179,983 179,983 179,983	176,502 176,502 176,502 176,502 176,502		172,424 172,424 172,424 172,424 172,424	9,498,804
BPART	Block Q Truist 441 OBW Central Reach PNC Fund Total	365,134 277,960 1,317,720 1,960,814	354533 279,176 1,291,560 1,925,269	343933 273,100 1,265,400 1,882,433	267,024 1,239,240 1,213,080 1,506,264	260,948 260,948 1,213,080 1,474,028	254,872 254,872 254,872 254,872	248,596 248,596 248,596 248,596	242,720 242,720 242,720 242,720	236,644 236,644 236,644 236,644	230,568 230,568 230,568 230,568	224,492 224,492 224,492 224,492	218,416 218,416 218,416 218,416	212,340 212,340 212,340 212,340	206,264 206,264 206,264 206,264	200,187 200,187 200,187 200,187	194,110 194,110 194,110 194,110	11,218,018
FEMA	Central Reach2 Interest pmt/Un reimbursed FEMA Fund Total	15,000,000 528,000 15,528,000 19,221,837																15,528,000
All Funds			3,644,303	3,587,134	3,102,623	2,400,633	979,375	967,050	440,107	430,551	420,803	411,437	401,880	392,323	382,766	372,611	194,110	37,349,543

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Capital Improvement Plan													
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP	
CIP REVENUES	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Revenues	Revenues	
General Fund - Operating Revenues	301,000	240,000	155,000	235,000	303,000	120,000		80,000	127,500	90,000	1,651,500	9.20%	
Streets Assessment											0	0.00%	
General Fund Total	301,000	240,000	155,000	235,000	303,000	120,000		80,000	127,500	90,000	1,651,500	9.20%	
Water Sewer Fund - Operating Revenues	364,131	199,500	168,500	292,500	256,500	180,500	182,500	264,500	266,500	268,500	2,443,631	13.62%	
Water and Sewer LEASE DEBT PROCEEDS vac	64,773	64,773	64,773	64,773							259,092	1.44%	
Loan Proceeds	3,166,843	2,000,000									5,166,843	28.80%	
Water Sewer Fund - Revenues total	3,595,747	2,264,273	233,273	357,273	256,500	180,500	182,500	264,500	266,500	268,500	7,869,566	43.86%	
BPART Fund balance		200,000									200,000	1.11%	
BPART Operating revenues	1,345,000	606,000	235,000	417,500	680,000	413,000	120,000	35,000	20,000		3,871,500	21.58%	
PARTF Grant for 441 OBW Pier Land Acquisition	500,000										500,000	2.79%	
Beach&Inlet Management fund		383,096	83,096	383,096							849,288	4.73%	
BPART TOTAL	1,845,000	1,189,096	318,096	800,596	680,000	413,000	120,000	35,000	20,000		5,420,788	30.21%	
Canal Dredging Special Revenue Fund													
Holden Beach Harbor			500,000							500,000	1,000,000	5.57%	
Harbor Acres			500,000							500,000	1,000,000	5.57%	
Heritage Harbor			500,000							500,000	1,000,000	5.57%	
Canal Dredging Revenues TOTAL	0		1,500,000							1,500,000	3,000,000	16.72%	
TOTAL	5,741,747	3,693,369	2,206,369	1,392,869	1,239,500	713,500	302,500	379,500	414,000	1,858,500	17,941,854	100%	

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	CIP EXPENSES	FY	FY	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP	
	BY FUND	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Expenses	Expenses
General Fund													
Streets Resurfacing:													
	Point West, Tide Ridge, Ranger	150,000										150,000	0.84%
	High Point		160,000									160,000	0.89%
	Heron, Lois, Lumberton			155,000								155,000	0.86%
	Swordfish, Charlotte				150,000							150,000	0.84%
	Burlington, Heron Land Wynd					175,000						175,000	0.98%
	Inspection Vehicle	40,000										40,000	0.22%
	Police Vehicle	75,000	80,000		85,000	90,000	120,000		80,000	85,000	90,000	705,000	3.93%
	Streets/Sanitation truck	36,000				38,000				42,500		116,500	0.65%
	General Fund Total	301,000	240,000	155,000	235,000	303,000	120,000		80,000	127,500	90,000	1,651,500	9.20%

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	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	Total Expenses	% of CIP Expenses
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32				
Water and Sewer														
Lift Station 2 (Greensboro) Hazard Mitigation	3,337,374												3,337,374	18.60%
Water Tower Two		2,000,000											2,000,000	11.15%
Truck		45,000	45,500	46,000	46,500	47,000	47,500	48,000	48,500	49,000			423,000	2.36%
Vac Truck lease	64,773	64,773	64,773	64,773				80,000	80,000	80,000			499,092	2.78%
FIRE HYDRANT REPLACEMENT	26,000	28,000	30,000	32,000	34,000	36,000	36,000	36,000	36,000	36,000			330,000	1.84%
Lift Station Genset replacement Program	75,000	75,500	76,000	76,500	77,000	77,500	78,000	78,500	79,000	79,500			772,500	4.31%
WATER METER REPLACEMENT	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000			195,000	1.09%
BACKHOE REPLACEMENT				120,000									120,000	0.67%
EXCAVATOR REPLACEMENT					80,000								80,000	0.45%
GIS MAPPING	35,000	35,000											70,000	0.39%
LONG RANGE CAPACITY STUDY	42,600												42,600	0.24%
Water and Sewer Fund Total	3,595,747	2,264,273	233,273	357,273	256,500	180,500	182,500	264,500	266,500	268,500			7,869,566	43.86%

Beach Parks Access Rec Tourism														
Playground Equip./ Parks&rec facilities	40,000	426,000	30,000	262,500	525,000	258,000	20,000	35,000	20,000				1,616,500	9.01%
Walkways	55,000	55,000	55,000	55,000	55,000	55,000							330,000	1.84%
USACE Study (CSRm)	800,000	200,000											1,000,000	5.57%
Public restroom	250,000												250,000	1.39%
Sand Search	50,000												50,000	0.28%
Lockwood Folly (Maintenance&Crossing)		383,096	83,096	383,096									849,288	4.73%
441 OBW Acquisition and Improvements	650,000	125,000	100,000	100,000	100,000	100,000	100,000						1,275,000	7.11%
BPART Vehicle			50,000										50,000	0.28%
BPART Total	1,845,000	1,189,096	318,096	800,596	680,000	413,000	120,000	35,000	20,000	0			5,420,788	30.21%

Canal Dredging														
Holden Beach Harbor			500,000							500,000			1,000,000	5.57%
Harbor Acres			500,000							500,000			1,000,000	5.57%
Heritage Harbor			500,000							500,000			1,000,000	5.57%
Canal Dredging Expenses Total			1,500,000							1,500,000			3,000,000	16.72%

TOTAL - ALL FUNDS	5,741,747	3,693,369	2,206,369	1,392,869	1,239,500	713,500	302,500	379,500	414,000	358,500			17,941,854	100%
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